

Exhibit 1

DISTRIBUTORSHIP AGREEMENT

THIS AGREEMENT is made and entered into this 27 day of May, 1994, by and between ETS Inc., an Indiana corporation, having its principal office at 6270 Corporate Drive, Indianapolis, Indiana 46278-2900 ("ETS") and MDG International, Inc., a _____ corporation, having its principal office at 1079 Kane Concourse, Bay Harbour Island, Florida 33154 ("Distributor") and Mauricio Goldring (the "Shareholder") for the limited purpose of subscribing to the provisions of Sections 7.4, 7.9 and 7.10.

RECITALS

- A. ETS markets tanning equipment and products, including tanning products manufactured and sold under the trademark "Australian Gold."
- B. Distributor desires to become a distributor of certain tanning products manufactured and marketed by ETS.

AGREEMENT

In consideration of the mutual promises, covenants and conditions, the sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I DEFINITIONS

- 1.1 "Territory" shall mean: (1) South America (excluding Venezuela); (2) Mexico; (3) Israel and (4) Central America, Puerto Rico and the Caribbean Islands (excluding Aruba, Curacao, Bonaire and St. Maarten).
- 1.2. "Products" shall mean tanning products manufactured and sold by ETS under the name "Australian Gold."
- 1.3. "Unit" shall mean a bottle or tube of tanning lotion manufactured and sold under the name "Australian Gold" -which bottle or tube contains three or more ounces of tanning lotion. Lip balm and tubes or bottles containing less than three ounces of tanning lotion do not constitute a Unit for purposes of this Agreement.

ARTICLE II DISTRIBUTION RIGHTS AND OBLIGATIONS

- 2.1. RIGHTS WITH RESPECT TO THE PRODUCTS. ETS grants Distributor the exclusive right to market, distribute and sell Products in the Territory; provided, however, that neither Distributor nor any of its affiliates is or will directly or indirectly market, distribute, divert or

sell Products to any location outside the Territory. ETS shall not market, distribute or sell Products inside the Territory nor authorize any person or entity other than Distributor to do so.

2.2. TERM. This Agreement memorializes an agreement between the parties which commenced on September 23, 1993, and which shall end at midnight (12:00) on December 31, 1994 (the "Limited Term") and shall be renewed automatically thereafter on a year-to-year basis in each Territory in which Distributor has met the Minimum Requirement for the preceding period. This Agreement is severable as to each Territory and will be cancelled as to each Territory in which Distributor has not met the Minimum Requirement for the immediately preceding period; provided, however, that the term of the Agreement may be renewed with respect to a Territory in which Distributor did not satisfy the Minimum Requirement if both parties expressly agree to such renewal in writing on or before the 30th day following the date on which this Agreement otherwise would terminate with respect to such Territory.

2.3. PURCHASE OF PRODUCTS. Between May 3, 1994 and December 31, 1994, Distributor shall purchase a minimum amount of Products (the "Minimum Purchase Requirements") of 79,500 Units for sale in South America (the "South America Minimum Requirement"), 106,000 Units for sale in Mexico (the "Mexico Minimum Requirement"), 79,500 Units for sale in Central America, Puerto Rico and the Caribbean (the "Central America Minimum Requirement"), 10,000 Units for sale in Israel (the "Israel Minimum Requirement"). ETS acknowledges and agrees that Distributor has purchased 51,715 Units toward satisfaction of the South America Minimum Requirement and that Distributor will satisfy the South America Minimum Requirement for the Limited Term if Distributor purchases 27,785 Units as set forth in Exhibit A. If Distributor elects to extend the term of this Agreement, each Minimum Purchase Requirement for a subsequent year shall equal 110% of such Minimum Purchase Requirement for the preceding year; provided, however, that the South America Minimum Requirement shall be 70,000 Units in 1995. The purchase and payment terms for the Minimum Purchase Requirement for 1994 is set forth as Exhibit A to this Agreement. Thereafter, Distributor shall be required to have purchased and paid for 25% of the Minimum Purchase Requirement for each renewal period on or before the 30th day following each March 30, May 30, October 31 and December 31, respectively.

2.4. PAYMENT TERMS. Payment for all Minimum Purchase Requirements of Products shall be received by ETS in accordance with the schedule set forth in Exhibit A. This first shipment shall be paid via bankwire to ETS and received at the time of the first shipment. All subsequent shipments shall be paid via bankwires or domestic letters of credit upon proof of shipment and the prior written approval of ETS. Payment for all Products in excess of the Minimum Requirements shall be due and payable prior to the shipment of the Products.

2.5. PURCHASE PRICE OF PRODUCTS. The purchase prices of Products sold by ETS to Distributor will be equal to the prices as set forth in Exhibit B as attached; provided, however,

that the purchase prices may be adjusted by ETS without advance notice to reflect rises in product costs and may be otherwise re-evaluated and adjusted by ETS upon each yearly renewal of this Agreement.

2.6. RIGHT OF FIRST REFUSAL. ETS shall provide Distributor twenty-one (21) days advance notice of its decision to market, distribute or sell any tanning products manufactured and sold by ETS (other than Products) within the Territory and shall afford Distributor reasonable opportunity to offer terms and conditions of a distributorship agreement pursuant to which Distributor would represent ETS as the distributor of such products. If the Distributor does not extend terms of a distributorship agreement acceptable to ETS, the parties acknowledge and agree that nothing in this Agreement restricts the right of ETS to directly or indirectly market, sell or distribute such products within the Territory.

ARTICLE III DISTRIBUTION, SUPPLY AND PRODUCTION OF THE PRODUCTS

3.1. SUPPLY AND PRODUCTION. ETS agrees to use its reasonable efforts to ship Distributor's purchase orders within seven (7) days of their receipt. The production schedule of the Products will be set forth in each purchase order. ETS expressly reserves the right, in its sole discretion, to change the production schedule of any purchase order as a result of manufacturing difficulties, delays or similar events which conflict or delay prior production commitments.

3.2. SHIPMENT AND DELIVERY. All products shall be shipped F.O.B. Miami, Florida. ETS may change the shipping point at its sole discretion. All costs of loading, handling, transportation and shipment shall be borne by Distributor. All risk of loss shall pass to Distributor when the Products arrive at Miami, Florida including, without limitation, all risk of loading, handling, transportation and shipment. Any and all claims for loss, damage, or delay in loading, handling, transportation or shipment must be made by Distributor against the carrier, if any. In the event ETS advances shipping or related costs (for which it hereby assumes no obligation), Distributor shall reimburse ETS for such advancements in full at the time of payment as set forth in Section 2.4 hereof. The foregoing provisions concerning the passage of risk of loss to Distributor shall govern even though ETS may have made nonconforming tender or Distributor attempts to revoke acceptance of the Products or Distributor repudiates this Agreement after the Products have been identified hereto.

3.3. PARTIAL DELIVERY. ETS may ship any portion of the Products as soon as completed at ETS' facility or other shipping point designated by ETS. Payment for any Products so shipped shall become due in accordance with the terms of payment stated in Section 2.4.

3.4. LABELS. All labels of Products shipped by ETS to Distributor under this Agreement will be in the English language. Distributor shall not amend, alter or replace any Product labels.

Distributor shall not provide a translation of the statements made on such labels without the prior written consent of ETS, which consent shall not be unreasonably withheld. If Distributor is aware that any Product label is not in compliance with any local law of any country within the Territory, Distributor shall inform ETS of such fact, in writing, indicating the country, local law, label and nature of noncompliance.

ARTICLE IV
USE OF TRADEMARK

4.1. DISTRIBUTOR'S RIGHTS. Distributor hereby acknowledges ETS' ownership of the ETS trademark "Australian Gold" and any other trademark used on or in connection with the Products (the "Mark"). Distributor shall do nothing inconsistent with such ownership and Distributor's use of the Mark shall inure to the benefit of ETS. Distributor shall not adopt any trademark or servicemark which is similar to the Mark. Nothing in this Agreement gives Distributor any right, title or interest in the Mark other than the right to use said Mark in accordance with the terms and conditions of this Agreement. The Distributor agrees to cooperate with ETS and take any action requested by ETS to ensure that neither Distributor nor any of its affiliates acquires any right, title or interest in the Mark under the laws of any locality in the Territory. Distributor agrees to assign to ETS for no additional consideration any right, title or interest in the Mark it acquires under any foreign law in effect during the term of this Agreement.

4.2. MARKETING. Distributor shall use its best efforts to promote, market and sell the Products and service its accounts within the Territory in a professional manner. Distributor shall have the right to use the Mark in connection with such promotion, marketing and sales of the Products; provided, however, that Distributor shall comply with all of ETS' instructions regarding the use of the Mark. ETS shall have the right to review the form and content of any advertisement prior to the publication of such advertisement at its discretion.

ARTICLE V
TERMINATION

5.1. TERMINATION PROVISIONS.

(a) Unless ETS promptly after discovery of the relevant facts notifies Distributor to the contrary in writing, this Agreement will terminate immediately without notice upon the institution of insolvency, bankruptcy or similar proceedings by or against Distributor, any assignment or attempted assignment by Distributor for the benefit of creditors, any appointment, or application for such appointment, of a receiver for Distributor or upon Distributor's becoming insolvent or unable to pay its obligations as they become due.

(b) ETS may also terminate this Agreement:

(A) Upon ten days prior written notice by ETS to Distributor given at any time after the occurrence of any of the following events; provided, however, that Distributor shall have fifteen days from the date of such notice to cure any such default:

(i) Distributor's breach of, or failure to comply with, any term or provision of this Agreement;

(ii) Distributor's failure to pay ETS any sums due pursuant to the terms of this Agreement within five days following the date on which such sum is due and payable;

(iii) **intentionally omitted;**

(iv) a lien is voluntarily granted by Distributor on Distributor's inventory or there is an involuntary lien placed on Distributor's inventory; or

(B) Immediately upon written notice by ETS to Distributor given, except as otherwise provided, at any time after the occurrence of any of the following events:

(i) the conviction of Distributor, or any officer, director, substantial shareholder or principal of Distributor, in a court of competent jurisdiction of any offense substantially related to the business conducted by Distributor in connection with this Agreement or of any offense punishable by a term of imprisonment;

(ii) Distributor's emerging in any practice with respect to the Products, which is determined to be an illegal or unfair trade practice in violation of any applicable federal, state, local or foreign law, or which in the opinion of counsel to ETS is an illegal or unfair trade practice in violation of any applicable federal, state, local or foreign law;

(iii) **intentionally omitted;**

(iv) Distributor's falsification of any records or reports required by ETS hereunder;

(v) any lien or levy against, or foreclosure or seizure of, any of Distributor's assets, including, without limitation, inventory, by a creditor, lienholder, lessor or government authority;

(vi) **intentionally omitted;**

(vii) Distributor's failure to comply with any applicable federal, state, local, or foreign law or regulation in connection with its obligations under this Agreement, which failure to comply, in the determination of ETS, might have a material adverse effect on the operations or financial condition of Distributor or on Distributor's ability to satisfy its obligations under this Agreement;

(viii) (1) the sale, distribution or any other disposition of substantially all of Distributor's assets or (2) any change in control of Distributor in violation of Section 7.9 of this Agreement;

(ix) Distributor's loss through failure to renew or because of suspension, cancellation or revocation, for a period of fifteen days or more, of any federal, state or foreign license required by law and necessary in carrying out the provisions of this Agreement;

(x) a change in Distributor's active management occurs, which change, in the opinion of ETS, will have a material effect on Distributor's ability to distribute and promote the Products. Such a change includes, but is not limited to, the death or incapacity for a period of thirty days of a principal officer, partner or manager of Distributor; provided, however, that this termination right shall not apply to the succession of Shareholder as a manager of Distributor by Shareholder's wife or children as the result of the death of the Shareholder; and

(xi) a receipt by ETS of an opinion of counsel that, as a result of this Agreement or actions taken by the parties pursuant to this Agreement, Distributor, or any affiliate of Distributor, has or may have acquired any right, title or interest in the Mark; provided, however, that Distributor shall have five (5) days in which to suggest revisions to the Agreement that will avoid the risk that Distributor or its affiliate will acquire such right, title or interest and ETS shall accept such revisions and not terminate the Agreement if such opining counsel agrees that such revisions are sufficient to eliminate the risk.

(c) Distributor agrees that the provisions of this Paragraph 5.1 are essential, fair and reasonable and that the occurrence of any of the events described in subparagraphs (a), (b)(A) (i)-(iii) and (b)(B)(i)-(xi) of this Paragraph 5.1 shall constitute good cause for the termination or non-renewal of this Agreement.

ARTICLE VI
WARRANTIES AND INDEMNIFICATION

6.1. WARRANTY OF TITLE. ETS hereby warrants to Distributor that title to all Products purchased by Distributor under this Agreement shall be free and clear of all liens, security interests and any other claims by third persons.

6.2. BINDING AGREEMENT. Each party to this Agreement that is a corporation warrants that it is duly organized, validly existing and in good standing under the laws of applicable jurisdiction, and has taken all necessary corporate action to adopt, approve and ratify this Agreement. Upon the execution hereof, this Agreement shall constitute a valid and legally binding obligation which shall be enforceable in accordance with its terms.

6.3. LACK OF WARRANTY OF PRODUCTS. Other than the warranty of title set forth in Section 6.1 above, ETS gives no warranty with regard to the Products.

6.4. INDEMNIFICATION. Distributor shall defend, indemnify and hold ETS, its officers employees, subdistributors, dealers, customers and agents, harmless of and from any and all demands, claims, actions, suits, judgments, decrees, proceedings, liabilities, costs (including reasonable attorney fees), losses, damages and expenses, including without limitation, court costs and attorneys' fees as a result of or in connection with any of the following: (i) the debts, liabilities or other obligations of Distributor, (ii) the ownership or operation by Distributor of its properties and assets; (iii) the carrying on or conduct by Distributor of any of its business activities and affairs; (iv) any other act or omission of Distributor; (v) any breach by Distributor of this Agreement; or (vi) the violation by Distributor of any applicable federal, state, local or foreign law or regulation in connection with its obligations under this Agreement. Such right of indemnification under this Agreement shall not be exclusive but shall be in addition to any and all other rights and remedies to which ETS shall be entitled. ETS shall act in good faith to cause the manufacturer of the Product to add Distributor to such manufacturer's product liability insurance policy as an additional insured.

6.5. CONFIDENTIALITY. Distributor warrants and covenants that all proprietary or confidential information disclosed to or acquired by the Distributor as a consequence of or through the execution of this Agreement concerning the Products, formulae, operations, research, inventions, methods, acquisitions and sales, and all records, files, memoranda, reports, price lists, customer lists (including each customer's inventory, pricing, marketing and use information), plans, documents and the like, pertaining to the promotion and/or sale of the Products which would not customarily be provided to third parties in the purchasing of such goods and further excluding information generally known in the business shall be and become the exclusive property of ETS. It is understood that claims of confidentiality are to survive the term of this Agreement, and the Distributor shall not disclose such confidential information to

any third party or, directly or indirectly, use, disseminate or disclose such information for its benefit for a period of two (2) years following the termination hereof.

6.6. NO FEES. Distributor acknowledges that it has not and will not pay any fee to ETS in connection with this Agreement or any prior agreement, understanding or arrangement between them.

ARTICLE VII PROVISION OF GENERAL APPLICABILITY

7.1. RELATIONSHIP OF THE PARTIES. Nothing contained herein shall be construed to place the parties in the relationship of partners, joint venturers, franchisor and franchisee, or principal and agent. Neither party is authorized to assume or undertake any obligations of any kind, express or implied, on behalf of the other party.

7.2. AMENDMENT. This Agreement may not be amended, modified or altered except by written instrument duly executed by all of the parties hereto.

7.3. NOTICES. Any notice or other communications required to be given hereunder shall be deemed sufficiently given if delivered personally or sent by registered or certified mail, postage prepaid, in which case such notice shall be deemed to have been served five (5) days after the mailing thereof, addressed to the party at the address of such party first above written.

7.4. GOVERNING LAW. This Agreement and all transactions contemplated hereby shall be construed, governed and enforced in accordance with the laws of the State of Indiana and shall be treated in all respects as a State of Indiana contract without regard to laws related to choice or conflict of laws. The parties hereto, including Shareholder, irrevocably consent to the jurisdiction of the courts of the State of Indiana and the United States District Court for the Southern District of Indiana with respect to any and all actions related to this Agreement or its enforcement and the parties to this Agreement irrevocably waive any and all objections thereto.

7.5. HEADINGS. The heading and subheading herein are for convenience only, and shall not affect the construction or interpretation of any of its provisions.

7.6. FORCE MAJEURE. ETS shall not be liable to Distributor under this Agreement if delayed or prevented from performance by causes beyond its control, including, but not limited to, fires, floods, strikes, labor disputes, civil strife, delays in transportation, shortages of labor or materials, Acts of God, war, insurrection or governmental actions or restrictions. The existence of such causes of delay shall justify the suspension of manufacture and shall extend the time of performance on the part of ETS to such extent as may be necessary to enable it to make delivery in the exercise of reasonable diligence after the causes of delay have been removed.

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7.7. NON-WAIVER. No failure or delay by either party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise of any right, power or privilege hereunder.

7.8. NON-COMPETITION. Throughout the term of this Agreement, Distributor agrees not to market, distribute or sell any product within the Territory which competes with the Products or which is or may be used as a substitute for the Products. Determination as to whether a product competes with or is a substitute for any of the Products is within the sole discretion of ETS.

7.9. ASSIGNMENTS. Except as set forth in Section 7.9 below, this Agreement may not be assigned by Distributor or Shareholder. If any person not a substantial shareholder of Distributor as of the date of this Agreement becomes a substantial shareholder of Distributor, Distributor shall notify ETS at least thirty (30) days prior to the event resulting in the new substantial shareholder. ETS shall have the right, upon receipt of such notice, to terminate this Agreement, on at least thirty (30) days notice. Provided, however, that an assignment of Shareholder's rights under this Agreement or of his interest in the Distributor to the spouse or the children of Shareholder upon the death of Shareholder shall be permitted and shall not give ETS the right to terminate this Agreement. For purposes of this paragraph, ownership of 30% of Distributor's capital stock shall be deemed substantial. ETS may assign this Agreement without the consent of Distributor: (i) to any assignee which controls, is controlled by, or is under common control with ETS or (ii) to any third party in connection with a sale by ETS of its rights, title and interest in the Mark to such third party. The execution by Distributor of sub-distributorship agreements shall not constitute an assignment of this Agreement provided that ETS first consents to any such sub-distributorship agreements, which consent shall not unreasonably be withheld.

7.10. SUCCESSOR TO DISTRIBUTOR. The terms and conditions of this Agreement (1) shall continue to apply to Distributor after a change by Distributor of the corporate name and (2) shall apply to any new entity organized by Shareholder to carry on the business operations of Distributor.

7.11. INCORPORATION BY REFERENCE. All schedules, exhibits and other documents which are attached hereto and referred to in this Agreement are incorporated herein and made a part hereof by reference.

7.12. SEVERABILITY. If a court of competent jurisdiction makes a final determination that any provision of this Agreement (or any portion thereof) is invalid, illegal or unenforceable for any reason whatsoever, and all rights to appeal the determination have been exhausted or the period of time during which any appeal of the determination may be perfected has expired, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in

any way be affected or impaired thereby, and to the fullest extent possible, the provisions of this Agreement shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

7.13. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties hereto with respect to the subject matter hereof and shall be deemed to supersede all prior and contemporaneous agreements, representations, and understandings whether written or oral, and the same shall be deemed to have been merged into this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in their respective names the date first above written.

"ETS"
ETS, INC.

By: Trevor Gray

Printed: TREVOR GRAY

Title: President

"DISTRIBUTOR"
MDG INTERNATIONAL, INC.

By: [Signature]

Printed: MAURICIO GOLDRING

Title: PRESIDENT

"SHAREHOLDER"
MAURICIO GOLDRING

[Signature]

Exhibit A

MINIMUM PURCHASE REQUIREMENTS

	<u>Order Date*</u>	<u>Minimum Purchase Requirements</u>
South America Minimum Requirement	On or before December 24, 1994	79,500
Mexico Minimum Requirement	On or before December 24, 1994	106,000
Central America Minimum Requirement	On or before December 24, 1994	79,500
Israel Minimum Requirement	On or before December 24, 1994	10,000

*payment due on or before the seventh day following the order date.

**includes 51,715 Units purchased by Distributor prior to execution of this Agreement as described in Section 2.3 of this Agreement.

Y *TC*